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Section II

Instructions for Preparation of Operating Cost Budget,
Preliminary Cost Estimate, and Supplemental Schedules

1. General

- a. The Operating Cost Budget reflects the estimated amounts of all cost items used by an office including Agency resources such as property and printing services. The total of the Operating Cost Budget for a Deputy Director's area shall be within or reconcilable to the fund limitations in the Congressional Budget estimates under consideration by the Congress. The Operating Cost Budget is the basis for determining cost authority allowances and for establishing fund controls for the Current Year.
- b. The Preliminary Cost Estimate is the initial projection of cost and personnel requirements for Agency operations for the Budget Year.
- c. The Operating Offices will submit their estimates of "over-ceiling" cost requirements for the Current Year to the Deputy Director concerned for his review and consideration. The Deputy Director shall submit a separate memorandum concerning those items which he believes to be of value and importance but which have been eliminated or curtailed due to a lack of funds within the Congressional Budget limitation for the area and which, therefore, will not get done unless additional funds are made available. These items should cover old activities which will have to be curtailed or discontinued as well as potential new ones and should reflect the Deputy

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Director's decision on items which were of such priority as to be excluded from the offices' Operating Cost Budgets.

2. Budget Schedules

The Operating Cost Budget and Preliminary Cost Estimate shall be submitted on schedules described as follows:

- a. Cost and Position Statement, Form 628
- b. Explanation of Changes, Form 629
- c. Object Class Schedule, Form ____
- d. Supplemental Schedule for Property
- e. Supplemental Schedule for Cost Requirements related to Obligational Requirements for selected object classes such as 700, Other Services, and 000, Lands and Structures.

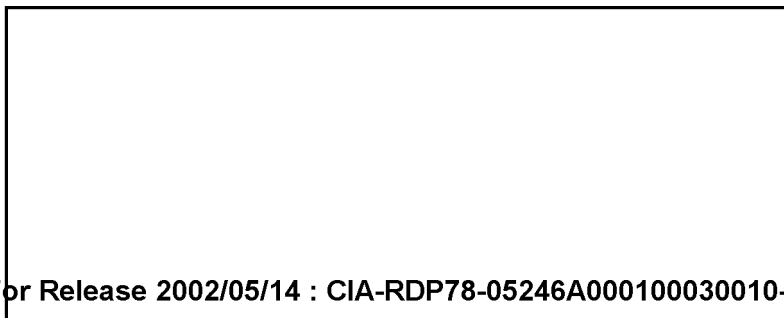
3. Procedures

a. Cost and Position Statement, Form 628

(1) This schedule presents summary information for the office as a whole divided into cost estimates and position estimates by activity.

(2) Column 1 -- Office Activity

(a) The DD/P offices shall list in this column the geographic subdivisions of the office; i.e.,



25X1A

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(b) All other Agency offices will list in this column the office activity or activities descriptive of the office's programs. For some offices a single activity may suffice, in others more than one activity may be appropriate. The activity title must indicate clearly the services to be performed or other basis of justification. The activities breakdown should be kept as simple as possible and should be limited in number as far as possible without sacrificing clarity.

(c) A total line for the office shall be shown at the bottom of the schedule.

(3) Column 2 -- Actual Costs, FY (Past Year/1)

In this column, show the costs for the Fiscal year preceding the Past Year (FY 1960) as reflected in the Comptroller's records on 31 December following the close of the Fiscal Year, for each activity listed in column 1.

(4) Column 3 -- Estimated Costs, FY (Past Year)

In this column, show the estimated costs for the Past Year (FY 1961) for each activity listed in column 1. These costs should be based on the latest cost report and projected costs for the remainder of the year.

(5) Column 4 and 7 -- Non-Recurring or Discontinued Items

(a) These columns are to show the costs of non-recurring

or discontinued items contained in columns 3 and 6 of

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the estimates to arrive at the continuing base requirements for the office in the Current and Budget Years.

- (b) Definitive descriptions or examples of non-recurring items are not proposed but, generally, items considered as non-recurring are (1) changes in project operations due to completion, termination, or curtailment of operations to the extent of the curtailment; (2) the completion or reduction in level of research or research and development programs; (3) non-recurring supply and equipment items as distinguished from supply and equipment items for the maintenance of stock levels or scheduled annual replacement of equipment; (4) real estate acquisition, lands, construction, capital repairs and alterations; and (5) costs for other items which will be discontinued by the end of the Fiscal Year.

- (c) In general, the substitution of one project for another, or one individual or mechanism for another, does not result in a non-recurring item where the objective remains the same.

(6) Columns 5 and 8 -- New Items

These columns reflect the costs expected to be incurred for new or expanded programs or activities and increased costs that are to be incurred for continuing activities at the same level into the next Fiscal Year.

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(7) Column 6 -- Total Estimate, FY (Current Year)

This column shows the estimated cost requirements for the Current Year for each of the activities listed in column 1 and consists of column 3 minus column 4 plus column 5.

(8) Column 9 -- Total Estimate, FY (Budget Year)

In this column show the estimated cost requirements for the Budget Year for each of the activities listed in column 1.

(9) Columns 10, 11, and 12 -- Position Requirements

Show in these columns the current approved position ceiling for the Past Year (col. 10) and the estimated position requirements for the Current and Budget Years (cols. 11 and 12), broken down by each of the activities listed in column 1.

b. Explanation of Changes, Form 629

Columns 4, 5, 7, and 8 of Form 628 require a detailed explanation. This explanation will be submitted on Form 629 with a separate form for each column. Items of explanation shall be listed in the same order as the activities listed in column 1. Each item of explanation will consist of a short description of the item, the geographic area if applicable, and the amount involved identified by major objects of expenditure. Position changes shall be explained along with the explanations for the cost changes for each activity.

c. Object Class Summary

This schedule will show the total cost requirements for the office by object and sub-object classes as defined in Comptroller Instruction

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No. 24, Revised. Object class 600, Printing and Reproduction, shall be broken down as indicated on the form to show Agency Printing Services obtained through the Printing Services Division and Non-Agency Printing Services for outside printing and reproduction. Under object class 700, Other Contractual Services, sub-object classifications 730 and 731 for Research and Development shall be used. Other sub-object classifications may be used optionally to show the distribution of large or unusual costs under this or other object classes. Sub-object classification examples are: Proprietary Expenses; Subsidies; Translation Services; Guard Services; Special Project Operations.

d. Supplemental Cost Data

A supplemental schedule to the Operating Budget is to be prepared and submitted for the property requirements; that is, all supplies, materials, and equipment, object classes 800 and 900, by five technical cognizant groups: Communications, Technical Services, Medical, Books and Publications, and General. At present, this breakdown will have to be based on an analysis of available data, such as requisitions and project requirements.

e. Supplemental Schedule on Relationship of Cost Requirements to Obligational Requirements

- (1) The estimated costs for object classes 100 through 600 are considered synonymous with the estimated obligations for those object classes. The estimated costs for object classes 700,

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Other Services, and 000, Lands and Structures, will be based on the cost accrual system prescribed by the Comptroller. More specific instructions on the cost system and procedures in effect at the time the estimates are to be prepared will be furnished in a separate memorandum.

- (2) The supplemental schedule for relationship of cost requirements to obligational requirements for object classes 700 and 000 is to furnish information for use in developing the total Agency obligational requirements for review and consideration by the DCI and the establishment of the total Agency budget to be submitted to the Bureau of the Budget.
- (3) The cost estimates for property (supplies and equipment) in the budget submission are based on estimated issues of property for use or consumption during the year involved. In instances where the requesting office knows of requirements for long-lead time procurement, or property procurement for inventory increases, it shall submit an itemized list of these requirements to the cognizant technical office (Logistics, Commo, TSD, Medical, or OCR) for the purpose of pricing, comparing the listed items with current and proposed stock levels, determining the availability of partial financing from stock issues not to be replaced, and applying technical standards and specifications. The cognizant technical offices shall prepare and submit special estimates for

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obligational requirements for property in the Budget Year to the Budget Division at the same time as the Operating Cost Budget and Preliminary Cost Estimates are submitted.

4. Assembly and Page Numbering

a. Assemble the foregoing material in the following order:

- (1) Cost and Position Statement, Form 628
- (2) Explanation of Changes, Form 629
- (3) Object Class Summary
- (4) Supplemental Schedule on Property
- (5) Supplemental Schedule on Relationship of Cost Requirements to Obligational Requirements

b. Number all pages consecutively in the lower right-hand corner.

To facilitate reference to the appropriate Form 629, note at the foot of column 4, 5, 7 and 8 on Form 628, the page number of the Form 629 which explains the respective column.

5. Sample forms are attached hereto.

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(When Filled In)

EXPLANATION OF CHANGES

OFFICE, STAFF OR DIVISION

DESCRIPTION

POSITIONS

NO.

A.E.

AMOUNT

SECRET

~~S-E-C-R-E-T~~

Object Class Summary Operating Cost Budget and Preliminary Cost Estimate		Office, Staff or Division: Date:			
Object Class	Estimate FY	Estimate FY	Estimate FY	Net Increase (+) or Decrease (-)	
				CY/FY	BY/CY
101 thru 112 Personnel Compensation					
115 thru 129 Personnel Benefits					
200 Travel and Transportation of Persons ..					
300 Transportation of Things					
400 Communication Services					
500 Rents and Utilities					
600 Agency Printing and Reproduction					
606 Non-Agency Printing and Reproduction ..					
730 Research and Development (non-gov't) ..					
731 Research and Development (Gov't)					
700 All other Contractual Services					
Sub-Total - Other Contractual Services.					
800 Supplies and Material					
900 Equipment					
000 Lands and Structures					
010 Grants					
Total					

~~S-E-C-R-E-T~~

**SCHEDULE OF SUPPLEMENTAL
COST DATA**

Operating Cost Budget, FY 1962 Preliminary Cost Estimate, FY 1963		Operating Office: Date:			
Description	FY 1961 Total	FY 1962		FY 1963	
		Change	Total	Change	Total
Estimated Property Costs:					
a. Communications					
b. Technical Services					
c. Medical					
d. Books and Publications					
e. General					
Total Property Costs					
Estimated Printing Service Costs:					
a. Agency Printing Services					
b. Non-Agency Printing Services					
Total Printing and Reproduction Costs..					
NOTE: The DD/P offices only will submit information on Printing Service Costs on this schedule.					

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RELATIONSHIP OF COST
REQUIREMENTS TO OBLIGATIONAL REQUIREMENTS

Operating Cost Budget, Fiscal Year Preliminary Cost Estimate, Fiscal Year				Office, Staff or Division: Date:			
Description	Operating Cost Budget			Preliminary Cost Estimate			
	FY	(+) Change or	(-)	FY	(+) Change or	(-) FY	
Total Costs (From Cost & Position Statement)							
700 Other Services							
000 Lands and Structures							
Total							
Less:							
Costs From Prior Year Obligations:							
700 Other Services ..							
000 Lands and Structures							
Total							
Add:							
Obligations for Future Year Costs:							
700 Other Services							
000 Lands and Structures							
Total							
Total Obligational Requirements							